BEFORE THE PUBLIC UTILITIES COMMISSION

OF THE STATE OF HAWAII

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|---|---|---|
| In the Matter of | ) | |
| | ) | |
| HAWAIIAN ELECTRIC COMPANY, INC. | ) | DOCKET NO. 2008-0303 |
| HAWAII ELECTRCI LIGHT COMPANY, INC. | ) | |
| MAUI ELECTRIC COMPANY, LIMITED | ) | |
| | ) | |
| For Approval of the Advanced Metering | ) | |
| Infrastructure (AMI) Project and Request | ) | |
| To Commit Capital Funds, to Defer and | ) | |
| Amortize Software Development Costs, | ) | |
| To Begin Installation of Meters and | ) | |
| Implement Time-of-Use Rates, for | ) | |
| Approval of Accounting and Ratemaking | ) | |
| Treatment, and Other Matters | ) | |
| | ) | |

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PUBLIC UTILITIES COMMISSION

**HAWAII SOLAR ENERGY ASSOCIATION'S RESPONSE TO THE HECO COMPANIES'[1] PROPOSAL FOR A REVISED PROCEDURAL PLAN[2]**

**AND**

**CERTIFICATE OF SERVICE**

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[1] Hawaiian Electric Company, Inc. ("HECO"), Maui Electric Company, Limited ("MECO") and Hawaii Electric Light Company, Inc. ("HELCO") are collectively referred to as the "HECO Companies" or "Companies".

[2] Pursuant to the April 15, 2010 Letter from the Commission, the HECO Companies filed a proposal for a revised procedural plan on May 4, 2010.

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**HAWAII SOLAR ENERGY ASSOCIATION'S RESPONSE TO THE HECO COMPANIES' PROPOSAL FOR A REVISED PROCEDURAL PLAN**

The HECO Companies filed their application in Docket No. 2008-0303 for approval of their proposed AMI project (and recover of the AMI project costs) on December 1, 2008 ("Application"). Following the filing of IRs, IR responses, and written testimonies, the matter was held for roughly nine months and set to recommence in May 2010. Instead, however, the Commission held a Status Conference on April 13, 2010, to determine, among other things, whether the docket should proceed.

At the Conference the HECO Companies requested the opportunity to propose a revised procedural plan, which the Commission granted. In doing so the Commission the stated that "the HECO Companies shall submit their proposal by May 4, 2010, which should describe the status of relevant matters and explain the reasons for all aspects of the proposal." In the same letter, the Commission stated, "the other parties in this proceeding may file responses to the HECO Companies' proposal by May 11, 2010."

This document contains the response of the Hawaii Solar Energy Association (HSEA) to the HECO Companies' May 4, 2010 submission, in which the Companies request approval for an Extended Pilot Testing Program ("Extended Pilot") of the Sensus mesh network based advanced metering system.

Although HSEA is committed to moving to advanced metering and smart grid technology, we remain concerned that the HECO Companies have not offered a robust justification for the choice of the mesh network communications-based system relative to other alternatives. HSEA is specifically concerned that the proposed system's strengths and weaknesses compared to systems based around other communications technologies have not been fully explored and that as a result the key goals of (a) ease and speed of deployment and (b) ability to engender the interconnection of a substantial amount of renewable generation in the near term, as dictated by the initiation of the feed-in tariff and a series of other projects of similar or greater overall scope, may not be met under the current proposal.

As a result, HSEA is concerned that proceeding with the proposed Extended Pilot runs the risk of further locking in a potentially sub-optimal choice. This is especially true when "AMI technology will continue to rapidly advance" implying that even if the system performs successfully, it may have been technologically surpassed by the time the Extended Pilot is complete.[3]

In addition, the HECO Companies May 4, 2010 seems not to address the issue of whether this particular docket as the vehicle for considering the introduction of a comprehensive smart-grid compatible advanced metering system, should proceed. While HSEA is not advocating a termination of the docket, we do point out that simply recommending a more complex, time-consuming, and costly test phase is not consistent may not be appropriate and is unlikely to be consistent with achieving the goals of the energy agreement that spawned it in the first place. Conversely, it may be that in order to achieve the State's energy goals, the HECO Companies should identify and implement a system that could be deployed as rapidly as possible in order to move swiftly and decisively away from fossil fuel usage by putting in place the necessary hardware to conduct advanced billing and rate making to manage demand and interconnect more renewable generation as soon as possible.

HSEA's primary concern is that the HECO Companies have not provided sufficient information for a decision to be made as to whether it will be valuable to pursue this docket on a more leisurely timeline, as envisioned in the May 4, 2010 filing, or to simply request that a new docket be opened to address these issues once the Companies are ready to do so. HSEA believes that in order for a decision to be made, the following should be clarified:

1. What alternative communications technologies, besides those based on mesh networks, are being deployed/developed elsewhere for use in smart grid applications? In the

[3] Exhibit A, p. 3 of the May 4, 2010 HECO Companies proposal for a revised procedural plan.

form of a matrix, and perhaps related discussion, it would be helpful to summarize the alternatives in terms of their cost, reliability, deployment speed, ability to manage DG, ability to integrate renewable generation, ability to integrate demand side measures, etc. as a way of understanding this issue.

2. What assurances do ratepayers and other stakeholders such as renewable energy developers have that the proposed system will not be obsolete by the time it is deployed and/or by the time the pilot is conducted? Based on the original schedule it appears that the Sensus relationship will have been in excess of a decade prior to final deployment. This seems like a long time for a technology to remain viable in a rapidly evolving marketplace.

3. Why was a pilot at this scale not contemplated in the original roll out plan? Is it possible that the Sensus system/technology is flawed and that the process of selecting a technology/vendor should begin anew? The fact that some of the 'tests' envisioned for the pilot are somewhat basic is concerning (e.g., testing to see if the meters can communicate in an urban environment, which seems like something that would have been known and represented affirmatively by the vendor prior to selection).

4. The HECO Companies' May 4, 2010 letter suggests a number of concerns with the current small-scale pilot. A richer discussion of these concerns would help determine whether it makes sense to proceed with the Extended Pilot.

5. Is there no other way to get at least some of the benefits of comprehensive DSM measures sooner than the implicit nearly decade long schedule envisioned by the Enhanced Pilot plus evaluation plus full deployment schedule? For instance, although it may present a different package of reliability concerns, would it make sense for a more immediate roll out of cable based communications enabled meters in sites or zones on the basis of cost and ease of deployment?

6. Does it make sense to proceed at all without the road map? What is the relationship between the road map and the IRP process? More generally, how is it that the parties/interveners in the docket are unable to see the road map yet the road map is used as the basis for justifying the need for the AMI project (Exh. A, page 2)?

7. The discussion of the interaction between the proposed metering system and the CIS, and the need for integration of the two, and the extent to which the timeline is compromised and/or dependent on this integration is not well discussed. It is clear that simply having meters deployed is not the goal and equally clear that without the CIS in place and integrated with the metering system the benefits of the 'smart meter' system will be limited.

8. The implications of the outcome of the Extended Pilot are not made clear - what happens if Sensus 'fails' the enhanced test? Would the Companies restart the process from scratch? Would another 'Extended Pilot' be required on a subsequent

technology? If so, why not just do that now anyway? Would the goal then be to find another company and then go through the "pilot program/testing phase" again?

9. Finally and on a more specific point, why is FIT the only DG program mentioned in the Extended Pilot scope? That is, is AMI designed not to support NEM, Standard Interconnect, bi-lateral projects, and Sch. Q?[4]

DATED: Honolulu, Hawaii, May 11, 2010

Mark Duda
President
Hawaii Solar Energy Association

[4] Exhibit A, p. 7 of the May 4, 2010 HECO Companies proposal for a revised procedural plan.

CERTIFICATE OF SERVICE

I hereby certify that a copy of the foregoing Motion to Intervene was duly served on each of the following parties via hand delivery or United States Mail, postage prepaid, as set forth below:

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DATED: Honolulu, Hawaii, February 2, 2009.

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